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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/07/09

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Articles:

1) TOP HEADLINES

Asahi:

2.5169 trillion yen retrieved from review of supplementary budget; Minister Sengoku asks for more

Mainichi:

Supplementary budget cut by 2.5169 trillion yen; reductions made by ministries only 17 PERCENT of target

Yomiuri:

2.5 trillion yen retrieved from review of supplementary budget in first installment; Prime Minister orders further cuts

Nikkei:

Ministry of Health, Labour and Welfare requests 5 trillion yen additional budget for FY10 to fulfill campaign pledges

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Sankei:

"Donations from dead persons" to Prime Minister: False entries also found in unrevised 2004 records, adding to announced amount

Tokyo Shimbun:

Execution of 2.5169 trillion yen halted through review of supplementary budget; scrutiny continues

Akahata:

Record of ASDF airlift activities in Iraq shows 63 PERCENT related to U.S. forces

2) EDITORIALS

Asahi:

- (1) Record of airlift activities in Iraq: Need for more transparency in defense
- (2) Emergency employment measures: New administration's competence put to test

Mainichi:

- (1) Donations by "dead persons": Prime minister should not evade the question, should give explanation
- (2) North Korean nuclear issue: Make a clear statement on returning to Six-Party Talks

Yomiuri:

- (1) Wen Jiabao's visit to North Korea: North Korea should return to Six-Party Talks
- (2) Sumatra earthquake: Need to step up education on disaster prevention

Nikkei:

- (1) Do not repeat discussions without North Korea's denuclearization
- (2) Send out stronger message on IT from Tokyo

Sankei:

- (1) Parliamentary defense secretary's statement welcomed as solution to issue of continuing refueling mission
- (2) Emergency employment measures: Restore policymaking process

Tokyo Shimbun:

- (1) Iraq airlift mission: "Lies" behind the blacked out documents

(2) North Korean nuclear issue: Six-Party Talks indispensable

Akahata:

(1) Relocation of U.S. military plan exercises: Life ruined by noise

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, October 6

NIKKEI (Page 2) (Full)
October 7, 2009

09:50 Handed at Kantei a letter of appointment to Hideki Kato as secretary general of the Administrative Reform Council.

10:01 Attended a cabinet meeting.

11:00 Met Internal Affairs and Communications Minister Haraguchi and DPJ decentralization research council chief Seiji Osaka.

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11:32 Met Prime Minister Lee Hsien Loong of Singapore. Later hosted a luncheon.

14:03 Met Japan Business Federation Chairman Fujio Mitarai, his deputy Sadayuki Sakakibara, and Japan-China Economic Association Chairman Fujio Cho, with Deputy Chief Cabinet Secretary Matsuno present.

16:02 Met U.S. News Corporation Chairman Rupert Murdoch and others, followed by National Strategy Minister Kan, Chief Cabinet Secretary Hirano, Administrative Reform Minister Sengoku, Cabinet Office Senior Vice Minister Furukawa, and others. Hirano stayed behind.

18:58 Attended an informal meeting of Upper House DPJ lawmakers held at Hakone Hotel Kowakien in Hakone, Kanagawa Prefecture.

20:00 Met Fujiya Hotel President Shin Katsumata at his hotel.

21:58 Arrived at his private residence.

4) Prime Minister Hatoyama to attend East Asia Summit

TOKYO SHIMBUN (Page 2) (Full)
October 7, 2009

Prime Minister Yukio Hatoyama held talks yesterday with his Singaporean counterpart Lee Hsien Loong at the Prime Minister's Official Residence (Kantei). During the meeting, Hatoyama announced his intention to attend the East Asia Summit and the summit meeting of the Association of Southeast Asian Nations (ASEAN) Plus Three (Japan, China and South Korea). The summit meetings will take place in Thailand on Oct. 23-25.

5) Prime Minister Hatoyama meets with his Singaporean counterpart

NIKKEI (Page 2) (Full)
October 7, 2009

Prime Minister Yukio Hatoyama met yesterday with his Singaporean counterpart Lee Hsien Loong at the Prime Minister's Official Residence (Kantei). Referring to Hatoyama's idea of creating an East Asian community, Lee said that (the Hatoyama administration) should move ahead with the initiative while placing priority on relations with the United States. Lee pointed out that the participation of the United States is important in the view of regional balance. Hatoyama told Lee, "I agree with your view. I think we should press forward with the concept in a nonexclusive manner."

6) Foreign Minister Katsuya Okada: Even if held prior to Six-Party Talks, U.S.-DPRK talks will be within same framework

MAINICHI (Page 5) (Full)
October 7, 2009

Takenori Noguchi

In connection with North Korea's General Secretary Kim Jong Il's mention of returning to the Six-Party Talks, Foreign Minister Katsuya Okada stated at a news conference on October 6 that, "This should be welcomed because he had been negative about the Six-Party Talks," indicating his hopes on the DPRK's early return to the

talks. On the question of U.S.-DPRK talks taking place ahead of the Six-Party Talks, he said that, "They will still be under the Six-Party Talks framework," expressing a basically positive view. He added: "The important thing is to cooperate closely with the U.S. and that the Japanese government is able to fully grasp the situation. We will also express our opinion (to the U.S. government)

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on the progress of U.S.-DPRK talks as warranted."

7) Foreign Minister Okada doubts North Korea will return to Six-Party Talks soon, welcomes Kim Jong Il's mention of talks

TOKYO SHIMBUN (Page 2) (Full)
October 7, 2009

Commenting on North Korea's General Secretary Kim Jong Il's statement at his meeting with Chinese Premier Wen Jiabao on October 5 on the possibility of the DPRK returning to the Six-Party Talks depending on progress in U.S.-DPRK talks, Foreign Minister Katsuya Okada said at a news conference on October 6: "Since (North Korea) had been expressing a negative view on the Six-Party Talks so far, the fact that he mentioned the Six-Party Talks at all should be welcomed," indicating a positive view.

Although the Hatoyama administration upholds "dialogue" as its foreign policy, it has followed the "policy of pressure" of the Liberal Democratic Party administration in its policy toward North Korea. It has persisted in the strategy of prodding the DPRK to return to the Six-Party Talks by carrying on with the UN sanctions.

Perhaps as a result of the encirclement of North Korea by the international community, including Japan, the DPRK has now taken a more flexible stance. It would seem that the Hatoyama administration has found a way to break out of the impasse in diplomacy with the DPRK soon after its inauguration.

However, even government officials are doubtful that moves toward the resumption of the Six-Party Talks will now accelerate without a hitch. Although Okada has voiced his expectations, a senior Ministry of Foreign Affairs official points out: "I do not think that North Korea's position has changed significantly. U.S.-DPRK talks will probably not resume so easily, much less the Six-Party Talks."

Prime Minister Yukio Hatoyama will receive a briefing from Wen on his meeting with Kim directly at the Japan-PRC-ROK summit on October 10 before deciding on what to do next. However, unless there is some progress on the North Korean side, such as its agreement to reinvestigate the abduction cases, Japan will not be able to take any unilateral action.

It appears that Japan's only option will be to watch developments in the U.S.-DPRK talks while cooperating with the U.S. and South Korea.

8) Defense Ministry overhaul to be postponed

ASAHI (Page 4) (Full)
October 7, 2009

Defense Minister Toshimi Kitazawa, meeting the press yesterday, indicated that the Defense Ministry would postpone its planned restructuring, which had initially been scheduled for the next fiscal year. "We will take another year to scrutinize (the Defense Ministry's organization including the Self-Defense Forces) again," Kitazawa said. So the Defense Ministry will not earmark relevant estimates in its budget request to be resubmitted by Oct. 15 for the next fiscal year, Kitazawa said, adding that the Defense Ministry would not present a relevant bill to the Diet.

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9) Kitazawa to freeze, review Defense Ministry organizational reform plan

TOKYO SHIMBUN (Page 3) (Full)
October 7, 2009

At a news conference on Oct. 6, Defense Minister Toshimi Kitazawa disclosed that he will freeze the implementation of the Ministry of Defense (MOD) organizational reform plan - the main feature of which is the appointment of uniformed Self-Defense Forces officers as senior officials of the ministry's internal bureaus - starting in FY2010 and conduct a comprehensive review.

Kitazawa pointed out that the reform plan was formulated under the Liberal Democratic Party-New Komeito administration and said: "With the change of administration, a new defense minister has been appointed. We will spend one year to examine the plan closely. Coordination is underway for not making budget requests relating to this plan." He thus indicated that personnel and other expenses relating to the plan will not be included in the budget requests for FY2010.

The MOD will also defer the submission of bills relating to the reform plan to the regular Diet session in 2010 as previously envisioned.

10) Cabinet discord exposed over Japan's refueling mission

ASAHI (Page 4) (Full)
October 7, 2009

Foreign Minister Katsuya Okada has said that the government would not "simply extend" the Maritime Self-Defense Force's refueling mission in the Indian Ocean. Parliamentary defense secretary Akihisa Nagashima, however, insisted on Oct.5 that Japan should continue the refueling mission, attaching the precondition of requiring Diet approval. In response, various views were presented by cabinet members yesterday, underscoring that there are differences in views among cabinet ministers.

In a press conference after a cabinet meeting yesterday, State Minister for Consumer Affairs, Food Safety, Declining Birthrate, and Gender Equality Mizuho Fukushima reiterated that "as the leader of the Social Democratic Party, I am opposed to extending the special law authorizing the refueling mission (beyond its January expiration). We will properly discuss the issue in the coalition government to prevent a situation in which the mission will be extended with preconditions attached." She said this in an attempt to prevent a view in favor of extending the mission from spreading among members of the Democratic Party of Japan.

Defense Minister Toshimi Kitazawa said in a press conference after the cabinet meeting: "Extending the refueling mission is not an option." He then disclosed that he had warned Nagashima, saying, "I told (Nagashima) to carry out coordination before making remarks so as not to cause a misunderstanding that the minister and the parliamentary secretary are in disagreement."

11) Okada: Government will not simply extend refueling mission

NIKKEI (Page 2) (Full)
October 7, 2009

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In a press conference yesterday, Foreign Minister Katsuya Okada indicated that the government will simultaneously look into measures to help Afghanistan's reconstruction and whether to extend the Maritime Self-Defense Force's refueling mission in the Indian Ocean beyond its January expiration, saying, "The government's message is that it will not simply extend the mission." Defense Minister Toshimi Kitazawa is negative about extending the mission, while parliamentary defense secretary Akihisa Nagashima recently made remarks indicating his willingness to approve the extension of the mission with the precondition of requiring Diet approval. On the disagreement between the two, Okada just said, "The defense minister and the parliamentary secretary should fully coordinate their views."

12) Government amasses 2.5169 trillion yen through review of extra budget; State Minister for Administrative Reform Sengoku asks for further squeeze

ASAHI (Top play) (Excerpts)
October 7, 2009

State Minister for Administrative Reform Yoshito Sengoku on Oct. 6 announced that in accordance with Prime Minister Yukio Hatoyama's order to review the fiscal 2009 supplementary budget, the government had managed to extract 2.5 trillion yen out of it, by suspending wasteful programs or by calling on local governments to voluntarily return funds allocated to them. Sengoku will continue to ask each government agency to squeeze more funds to be closer to the goal of raising 3 trillion yen. He wants to fix the final amount possibly by mid-October.

The Aso cabinet, the predecessor of the Hatoyama cabinet, compiled the fiscal 2009 extra budget totaling 14.663 trillion yen, of which the government will now suspend the implementation of projects totaling 2.5169 trillion yen, which Sengoku has determined as not requiring immediate implementation. This is equal to about 17 percent of the total amount of the extra budget.

A breakdown of reviews made by each government agency shows that the Ministry of Land, Infrastructure, Transport and Tourism will redirect the largest amount of 887.5 billion yen, although it has not yet revealed specific programs to be put on hold. The Ministry of Agriculture, Forestry and Fisheries revealed programs subject to the revision on the same day. It intends to halt the implementation of programs worth 476.3 billion yen, by, for example, clawing back the full amount -- roughly 300 billion yen -- allocated for the farming land concentration promotion fund. The proportion of revisions reached about 46 percent of its total budget.

The Ministry of Health, Labor and Welfare (MHLW), which has the largest extra budgetary amount of 3.4 trillion yen, announced that it would suspend the spending of 353.4 billion yen to be implemented next fiscal year and beyond out of the 700 billion yen worthy of the emergency training and job placement assistance fund.

A source related to the Ministry of Education, Culture, Sports, and Science and Technology noted that the ministry will review portions of the state-of-the-art R&D assistance program totaling 270 billion yen. The amount subject to the revision comes to roughly 70 billion yen.

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The Ministry of Economy, Trade and Industry (METI) has managed to squeeze only 87.7 billion yen or a little over 6 percent of the total amount. No revision was made of subsidies (totaling 2.4 trillion yen) for the central government to cover local governments' share in public works, which are under the jurisdiction of the Cabinet Office.

13) Budget requests for next fiscal year: Health Ministry to ask for 5 trillion yen budget hike

NIKKEI (Top play) (Excerpts)
October 7, 2009

The government's effort to compile the fiscal 2010 budget has hit a stumbling block. A flurry of measures will push up expenditures. One such measure calls for establishing a child-care-allowance system, a plank in the Democratic Party of Japan's platform for the Lower House election. The Ministry of Health, Labor and Welfare is expected to ask for about 6 trillion yen above the initial budget for fiscal 2009. This figure exceeds by 5 trillion yen the budget request it submitted under the previous Aso administration in late August. In the meantime, tax revenues are bound to drop because of the ongoing economic crunch. Unless the government limits public works to high-priority projects, the issuance of government bonds is inevitable.

In its budget compilation guidelines adopted at a cabinet meeting on Sept. 29 the government asked all cabinet ministers for aggressive cuts in their budgetary requests. The government has set a target for general expenditures at a level below the initial budget for fiscal 2009, 51.73 trillion yen. However, it already appears as though this target will be difficult to achieve.

14) Interview with LDP Policy Research Council Chairman Shigeru Ishiba - We will utilize young members in order to show that the party has changed

YOMIURI (Page 4) (Full)
October 7, 2009

We are required to demonstrate our ability to plan policies on our own rather than to listen to the government. Things might be twice or three times more difficult than when we were a ruling party, but unless we demonstrate our ability, we will not be able to take over the reins of government. Our policies were hard to understand and we presented them poorly in the previous House of Representatives election, and that is partly why we lost it. We want to present policies that are not complex. We are going to give young members opportunities to play active roles so it will be evident that the LDP has changed.

(The Maritime Self-Defense Force's) refueling mission (in the Indian Ocean) is an undertaking which is making the maximum use of our country's ability. We want to establish a general law specifying the prior Diet approval (of the overseas dispatch of the Self-Defense Forces), but because the extra Diet session will be short, we will aim to extend (the refueling mission) (by presenting lawmaker-sponsored special measures legislation).

If (the government) says the fiscal 2009 supplementary budget compiled by us is totally unacceptable (and has to be suspended), the onus of proof is on them. The job market is deteriorating due

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partly to the yen's appreciation. We would like to hold thorough discussions.

The false reporting of donations (by Prime Minister Hatoyama's fund-management organization) is a serious violation of the law. (The Prime Minister indicated that he will) abstain from offering an explanation because the matter is "under investigation." We cannot accept such an explanation.

15) Japan Business Federation chairman asks Hatoyama to promote EPA talks with China, South Korea

ASAHI (Page 7) (Full)
October 7, 2009

Japan Business Federation (JBF) Chairman Fujio Mitarai held a meeting with Prime Minister Yukio Hatoyama at the Prime Minister's Official Residence yesterday for the first time since the inauguration of the new cabinet. According to a JBF official, Mitarai asked Hatoyama to take up and advance talks on the issue of concluding economic partnership agreements (EPA) with China and South Korea during the planned summit meeting among Japan, China and South Korea in Beijing on Oct. 10. Hatoyama replied: "While bearing it in mind, I will attend the meeting."

The meeting between Hatoyama and Mitarai was arranged in response to a request by the prime minister's office willing to listen to views of the business world before the trilateral summit meeting.

Mitarai explained that the business community has proposed creating an Asia economic zone and that this idea has something in common with Hatoyama's proposed concept of an East Asia Community. The JBF chairman then requested that negotiations on EPAs should be pushed forward in order to promote trade and investment and buoy up the Asian economy.

Japan-China Economic Association Chairman Fujio Cho and Toray Industries Inc. President Sadayuki Sakakibara also attended the

meeting with Hatoyama. They briefed on their business activities in China and South Korea.

Business organizations of Japan, China, and South Korea, including the JBF, will hold a business summit in Beijing on Oct. 10, in tandem with the trilateral summit meeting, and they will report the results of the talks to the three countries' leaders.

ZUMWALT